washington Times 2 September 1985

Contra aid channels to bypass all persons connected with CIA

By Jeremiah O'Leary

SANTA BARBARA, Calif. — The Reagan administration, expecting close congressional oversight of the \$27 million in humanitarian aid for Nicaraguan resistance forces, is taking special care that the disbursement of the funds is "squeaky clean."

According to senior administration officials, this means that no one with a Central Intelligence Agency affiliation will have any role in channeling payments or equipment to the anti-Sandinista forces.

Within the next few days, President Reagan and his aides will appoint a career Foreign Service officer as director of the Nicaraguan Humanitarian Assistance Office. A leading candidate for the post is Otto J. Reich, director of the Office on Public Diplomacy for Latin America, who has many years of experience with the region.

The NHAO will be a separate division of the State Department, similar to but smaller than the Agency for International Development. In the executive order he signed over the weekend, Mr. Reagan directed that the staff not exceed 12.

Payments to the insurgent forces will be made on the basis of advice from the State Department's Bureau of Inter-American Affairs and the National Security Council.

Officials said the administration also will take great care that none of the money is disbursed to the resistance forces while they are in Honduras, where most of the rebels are concentrated. Honduras has said it will not permit the aid to be distributed there.

The administration would not say how the aid will be channeled to the resistance forces. But it is likely that leaders of the United Nicaraguan Opposition will disburse the funds for clothing, food and medical supplies.

The administration believes members of Congress who opposed the \$27 million appropriation will make a concerted effort to scrutinize the funding operation.

Mr. Reagan said, "I value the support that Congress has shown for this important measure and will assure that the implementation of the program is fully in accord with the legislation Congress has enacted."

The legislation stipulated that neither CIA nor the Defense Department assign any personnel to NHAO.

"In recent months, with the resistance forces desperately short of weapons, ammunition, food and supplies, volunteers kept coming," Mr. Reagan said, in signing the executive order. "The resistance could not even provide boots. Most of these people are poor, simple peasants, the very people the Sandinistas claim to be helping."